

## Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

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SIL-01 L-02 H-01 PA-01 USIA-06 PRS-01 NIC-01 AGR-05

SAJ-01 /097 W

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R 031335Z JAN 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6086

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L NEW DELHI 0145

E.O. 11652: GDS

TAGS: ETRD, IN, UR

SUBJ: INDO-SOVIET TRADE PLAN FOR 1975

1. INDO-SOVIET TRADE PLAN FOR 1975 WAS SIGNED IN DELHI DECEMBER 30. PLAN CALLS FOR TRADE TURNOVER OF RS. 7 TO 7.5 BILLION (\$875-\$930 MILLION) COMPARED TO 1974 TARGET OF RS. 6.7 BILLION (\$840 MILLION) AND ACTUAL 1974 TRADE OF ESTIMATED RS. 6.0 BILLION (\$750 MILLION). PLAN CALLS, INTER ALIA, FOR DELIVERY BY SOVIETS OF 1,000,000 TONS KEROSENE (SAME AS 1974), 200,000 TONS DIESEL OIL (UP 100,00 TONS) 335,000 TONS FERTILIZER (UP 10,000 TONS), SUNFLOWER OIL, AND 100,000 TONS SOVIET COTTON, REPRESENTING FIRST TIME SOVIETS HAVE SOLD COTTON TO INDIA UNDER BILATERAL TRADE PLAN.

2. MINISTRY OF COMMERCE OFFICIAL SAID SOVIETS HAD ALSO AGREED TO INCREASE DELIVERIES OF NON-FERROUS METALS IN 1975, ESPECIALLY ZINC. INDIA WILL SELL SOVIETS TEA, JUTE MANUFACTURES, CASHEWS, COFFEE, SPICES, TOBACCO, DE-OILED CAKES, AND MANUFACTURED GOODS INCLUDING GARMENTS AND TEXTILES, SHOES, GARAGE EQUIPMENT, AND AUTO PARTS AND ANCILLARIES.

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COMMERCE MINISTRY OFFICIAL EXPRESSED SATISFACTION THAT

OFFTAKE OF "NON-TRADITIONAL" MANUFACTURED GOODS BY SOVIETS WAS UP ABOUT 20 PERCENT IN NEW PLAN AND NOW CONSTITUTES RUGHLY HALF OF INDIAN EXPORTS TO SOVIET UNION.

3. DESPITE PROTESTATIONS BY MINISTRY OF COMMERCE THAT GOI IS HIGHLY PLEASED WITH AGREEMENT, WE THINK SOVIET COMMITMENTS FELL CONSIDERABLY SHORT OF INDIAN HOPES, AND THAT, ADJUSTING FOR PRICE INCREASES, 1975 TRADE PLAN PROBABLY CONTEMPLATES SAME OR SMALLER VOLUME OF TRADE THAT IN 1974. COMMERCE MINISTRY OFFICIAL SAID, INCIDENTALLY, THAT SOVIET LOAN WHEAT THAT MOVED IN 1974 (AMOUNTING TO ABOUT 1.6 MILLION TONS) IS NO INCLUDED IN RS. 6.0 BILLION FIGURE GIVEN FOR 1974 TURNOVER.

4. OVERALL, THE NEW TRADE PLAN IS FURTHER EVIDENCE TO US OF THE LIMITS OF THE INDO-SOVIET ECONOMIC RELATIONSHIP. INDIAN REPRESENTATIONS IN THE USSR ON THE HIGHEST LEVEL ON SEVERAL OCCASIONS IN 1974 FAILED TO WANGLE CREDIT FOR COMMODITY IMPORTS OR AN APPRECIABLE INCREASE IN THE QUANTITY OF COMMODITIES SOVIETS ARE WILLING TO SUPPLY. INDIA STILL VIEWS THE RUPEE TRADE AS WORTHWHILE TO THE EXTENT IT HS A MEANS OF GETTING NEEDED COMMODITIES AND MILITARY GEAR IN EXCHANGE FOR OUTPUT THAT IS UNSALEABLE ON WESTERN MARKEST. BUT THE GOI IS BY HOW WELL AWARE THAT THE SOVIET GOVERNMENT FEELS UNDER NO COMPULSION TO RUSH TO ITS ASSISTANCE DESPITE INDIA'S PRESENT ECONOMIC DIFFICULTIES.  
MOYNIHAN

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